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DD/A 75-4826

The Honorable Elmer B. Staats
Comptroller General of the United States
General Accounting Office
Washington, D.C. 20548

Dear Mr. Staats:

The Central Intelligence Agency is moving toward the dissolution of Air America, Incorporated. You will recall that Air America, Inc. is wholly owned by the Pacific Corporation whose shares are held by nominee shareholders for the benefit of the United States Government, specifically, the Central Intelligence Agency. In July 1974, at our request, you reviewed the proposed sale of Air Asia, Limited, which was a subsidiary of Air America, Inc. and that sale was in furtherance of the dissolution of Air America, Inc.

All that remains of Air America, Inc. flight assets are 24 aircraft and aircraft parts. Air America, Inc. has received an offer from an aircraft brokerage company to acquire all of these aircraft and parts for \$3,850,000. These aircraft and parts are carried on Air America, Inc. books at \$3,031,000, and Air America, Inc. appraised the value in open sale as between \$3,700,000 and \$4,100,000. Air America, Inc. and CIA believe that the offer is a reasonable one which should be negotiated. CIA has proposed to proceed with the

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negotiation for sale and requested concurrence of the Intelligence Subcommittee of the House Armed Services Committee.

As in the case of the sale of Air Asia, Ltd., I believe that a disinterested third party, professionally competent, should review the details of the proposed sale. I am, therefore, requesting that you assign someone to accomplish such a review and to submit to me your findings as to whether the proposed sale appears to be in the best interest of the U.S. Government. Since this sale involves only aircraft and parts the review should require much less of an effort on your part than was the case of the sale of Air Asia, Ltd. I would hope that the review could be completed as soon as possible since the offer is of limited duration.

While CIA ownership of Air America, Inc. has been officially acknowledged, there are still some aspects of the relationship which should remain classified at the SECRET level. Therefore, it is requested that you conduct the review in a manner so as to preserve the security of the relationship.

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[Redacted]
will be the point of contact in CIA to arrange for this review, and is immediately available to assist you in any way possible.

Sincerely,

Original Draft Letter to OLC
w/cy of Reference
1 - DD/A Subject w/Ref
1 - DD/A Chrono w/ Ref
 1 - OLC w/Ref
1 - [Redacted]

Lucien N. Nedzi
Chairman
Special Subcommittee
on Intelligence

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Sincerely,

Lucien N. Nedzi, Chairman
Special Subcommittee on Intelligence,
House Armed Services Committee

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